

TARIFF ACTION MEMO

Date: December 21, 2022

Date Filed: November 22, 2022

Statutory End Date: January 6, 2023

File No: TA145-692

Name of Utility: Waste Connections of Alaska, Inc. d/b/a Alaska Waste (WCA)

Subject: Residential Disposal Surcharge Update

Recommendation

Staff recommends the Commission:

1. Approve Tariff Sheet No. 63.1, filed November 22, 2022, by WCA with TA145-692, as shown on the attached side-by-side tariff sheet (BA-1). The effective date of the tariff sheet should be January 1, 2023.

Please see attached Staff Memorandum supporting the above recommendation.

Signed: Becki Alvey
Becki Alvey

Title: Utility Tariff Analyst

Commission decision regarding this recommendation:

	Date (if different from December 21, 2022)	<u>I Concur</u>	<u>I Do Not Concur</u>	<u>I Will Write A Dissenting Statement*</u>
Kurber		<u>KKT</u>		
Doyle		<u>Rme</u> for RAD BP		
Pickett		<u>Rme</u> BP		
Sullivan		<u>DS</u>		
Wilson		<u>JWW</u> JWW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

MEMORANDUM

To: Keith Kurber II, Chairman
Robert A. Doyle
Robert M. Pickett
Daniel A. Sullivan
Janis W. Wilson

Date: December 21, 2022

From: Becki Alvey, Utility Tariff Analyst

Subject: Residential Disposal Surcharge Update

Recommendation

Staff recommends the Commission:

1. Approve Tariff Sheet No. 63.1, filed November 22, 2022, by WCA with TA145-692, as shown on the attached side-by-side tariff sheet (BA-1). The effective date of the tariff sheet should be January 1, 2023.

Background

In Order No. U-14-104(19)/U-14-105(17)/U-14-106(19)/U-14-107(20) the Commission accepted a stipulation that approved the inclusion of a residential disposal surcharge in the WCA and Alaska Waste Mat-Su, LLC tariffs.¹ That order also required that WCA file revised tariff sheets that reflected the terms of the stipulation.² WCA filed revised tariff sheets including a residential disposal surcharge tariff sheet on May 6, 2016.³ The Commission issued Order No. U-14-104(20)/U-14-105(18)/U-14-106(20)/U-14-107(21) on May 31, 2016, approving the tariff sheets.⁴

In Order No. U-20-002(22)/U-20-003(22)/U-20-004(22)/U-20-005(22)/U-20-005(22)/U-20-006(22)/U-20-007(22)/U-20-008(22)/U-20-009(22)/U-20-010(22) (Order U-20-002(22) et al.) the Commission accepted a stipulation that included weights, by roll cart size, to be used to allocate disposal costs in certain areas, including Anchorage. The stipulated weights are 35.23 pounds for a 32-gallon cart, 48.85 pounds for a 64-gallon cart, and 79.97 pounds for a 96-gallon cart.⁵

Filing

WCA now submits TA145-692, seeking to update its Residential Disposal Surcharge for the period beginning January 1, 2023. With TA145-692, WCA filed Tariff Sheet No. 63.1, the ordinance amending the Anchorage Municipal Code Sections 26.80.050 and 26.080.070 to increase rates for the Solid Waste Services Disposal utility, and WCA's

¹ See Order No. U-14-104(19)/U-14-105(17)/U-14-106(19)/U-14-107(20), issued April 6, 2016.

² *Id.*, at 4.

³ See Compliance Filing for Alaska Waste filed May 6, 2016.

⁴ See Order No. U-14-104(20)/U-14-105(18)/U-14-106(20)/U-14-107(21) issued May 31, 2016.

⁵ See Appendix to Order U-20-002(22) et al., at 18.

calculation of the disposal surcharge. WCA requested the tariff sheet become effective January 1, 2023. On November 28, 2022, the Commission granted WCA's request to waive the 45-day statutory notice period to allow an early effective date of January 1, 2023.⁶

Notice

The Commission issued a public notice for TA145-692 on November 22, 2022, with comment requested by December 16, 2022. One comment was received. Mr. Bob Maier raised concerns with Solid Waste Services and the underlying issue necessitating the requested increase; however, Mr. Maier indicated that WCA's request appeared to be justified on a pass-through basis. Specifically, Mr. Maier raised concerns related to the landfill closure and post-closure care costs and discussed that it was possibly time for the Commission to investigate the need to regulate Solid Waste Services and open competition to the entire Municipality of Anchorage.⁷

Analysis

Residential Disposal Surcharge Increase

The approved methodology for calculating the WCA's Residential Disposal Surcharge is as follows.

$$\text{Disposal Surcharge} = 12 \text{ Month Trailing Disposal Component} \times \text{Percentage Change in Disposal Fee}$$

WCA's calculation of the Residential Disposal Surcharge consists of two parts. The first part is the 12-month trailing disposal component. The 12-month trailing disposal component is calculated by multiplying the sample weight per collection by the current tip fee in \$/pound by the scheduled collections per month by the disposal normalization factor.⁸ The second part is the percentage change in disposal fee. WCA provided support for the calculation of the 12-month trailing disposal component and percentage change in disposal fee.⁹ Staff confirmed that WCA used the stipulated weights for each roll cart size.

The following table show the current and proposed 12-month trailing disposal component, percentage change in disposal fee, and the effect on an average customer.

⁶ See TR2204578.

⁷ See TR2204784, filed December 16, 2022.

⁸ See Tariff Sheet No. 61.2. Staff notes that the disposal normalization factor is calculated by dividing the actual 12-month total disposal expense by the sum of hypothetical disposal calculations for all service levels. Staff also notes that the hypothetical disposal expense is calculated by multiplying the 12-month average customer count for a service level by the 12-month disposal component for that service level before applying the normalization factor by 12 months.

⁹ See TA145-692 at Attachment A, at pages 1 and 2. Staff notes that the fee includes a \$2.00 recycling initiative surcharge.

Current Disposal Surcharge, Effective January 1, 2022			
Cart Size	12 Month Trailing Disposal Component in \$ (A)	Percentage Change in Disposal Fee (B)	Disposal Surcharge (A x B)
32 Gallon Cart	\$3.26	15.65%	\$0.51
64 Gallon Cart	\$4.52	15.65%	\$0.71
96 Gallon Cart	\$7.41	15.65%	\$1.16
Can/Bag Service	\$0.54	15.65%	\$0.08

Proposed Disposal Surcharge, Effective January 1, 2023			
Cart Size	12 Month Trailing Disposal Component in \$ (A)	Percentage Change in Disposal Fee (B)	Disposal Surcharge (A x B)
32 Gallon Cart	\$2.97	22.70%	\$0.67
64 Gallon Cart	\$4.11	22.70%	\$0.93
96 Gallon Cart	\$6.73	22.70%	\$1.53
Can/Bag Service	\$0.49	22.70%	\$0.11

The increase in the Residential Disposal Surcharge is a result of the increase in the Municipality of Anchorage Regional Landfill's disposal fee from \$73.97 per ton to \$78.47 per ton and the Central Transfer Station's disposal fee from \$85.96 per ton to \$91.21 per ton.¹⁰ Staff notes that WCA's Residential Disposal Surcharge methodology does not include the use of a balancing account balance or estimated revenues to calculate the surcharge.¹¹

Staff has reviewed all information and calculations filed in support of the proposed surcharge. Staff confirmed that the proposed surcharge was calculated accurately, using WCA's approved methodology.

Tariff Sheet

Staff reviewed Tariff Sheet No. 63.1 filed with TA145-692 and believes it is correct. Therefore, Staff recommends the Commission approve Tariff Sheet No. 63.1.

Conclusion

With TA145-692, WCA requests approval of its updated Residential Disposal Surcharge. Staff has verified the proposed rates were calculated accurately using WCA's approved methodology, the proper support was filed, and the tariff sheet is correct. Therefore, Staff recommends the Commission approve Tariff Sheet No. 63.1, filed November 22, 2022, by WCA with TA145-692. The effective date of the tariff sheet should be January 1, 2023.

Signature: Keith Kurber II
Keith Kurber II (Dec 21, 2022 08:09 AKST)

Email: keith.kurber@alaska.gov

¹⁰ Ibid.

¹¹ See Prefiled Direct Testimony and Exhibit of Joe Wonderlick, filed July 30, 2014 with TA86-692, at pages 29 through 30, which sets out the calculation that was discussed in the Stipulation.

Signature: Robert M. Pickett
Email: bob.pickett@alaska.gov

TA145-692 Memo – Waste Connections of Alaska
December 21, 2022

Signature: Daniel Sullivan
Daniel Sullivan (Dec 21, 2022 08:48 AKST)
Email: daniel.sullivan@alaska.gov

Signature: Janis W. Wilson
Janis W. Wilson (Dec 21, 2022 11:00 AKST)
Email: janis.wilson@alaska.gov

